



PORTLAND ADVANTAGE PLUS - MCKINLEY FUND



PORTLAND
INVESTMENT COUNSEL®

OWNERS. OPERATORS. AND INVESTORS.

(as at November 30, 2017)

	Net Asset Value Per Unit (as at November 30, 2017)	Annual Distribution Rate ¹ (as at November 30, 2017)	PERFORMANCE (as at November 30, 2017)					
			1 Month	3 Months	6 Months	1 Year	3 Year [†]	Since Inception [†]
Portland Advantage Plus - McKinley Fund - Series A (CAD)	\$8.5979	7.0%	(2.4%)	17.4%	(9.6%)	(19.9%)	(28.5%)	(33.4%)
Portland Advantage Plus - McKinley Fund - Series F (CAD)	\$8.5839	8.2%	(2.3%)	17.7%	(9.1%)	(19.0%)	(27.7%)	(32.6%)
S&P/TSX Composite Total Return Index	-	-	0.5%	6.4%	6.2%	9.6%	6.0%	5.6%

FUND FACTS

Fund Net Assets	\$3.5 million CAD
Inception Date	April 30, 2014
Fund Type	Alternative Strategies
Offer Document	Offering Memorandum
Eligible for PAC Plans	Yes, monthly minimum of \$500
Eligible for Registered Plans	Yes
Purchases and Redemptions	Monthly with no minimum investment term or redemption fee

HOW THE FUND IS MANAGED

- Focused investing in a limited number of quality equity securities with an emphasis towards: large capitalization, high liquidity, relatively high dividend yields and long-term growth industries
- Leverage by purchasing securities on margin, ordinarily expected to be up to 50% of the Portfolio (market value of securities)

KEY REASONS TO INVEST

- Income through targeting fully funded monthly distributions
- Above average return over the long term through a focused portfolio of quality equities, ordinarily selected from liquid, large cap, dividend-paying stocks at what we believe are attractive valuations
- Use of leverage to enhance the power of dividends
- Embedded product leverage is non-recourse to individual investors

PORTFOLIO COMPOSITION

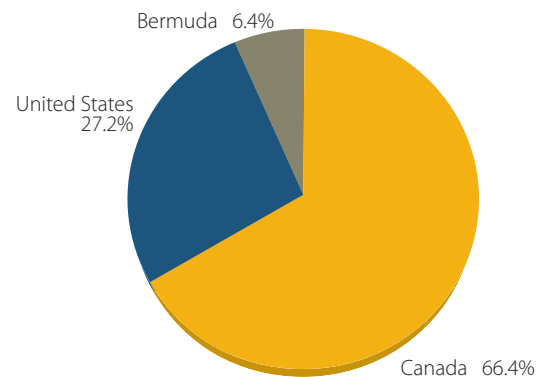
- Focused portfolio of select companies domiciled in long-term growth industries
- Emphasis on relatively higher dividend yielding securities
- Multiple sectors

PORTFOLIO MANAGER

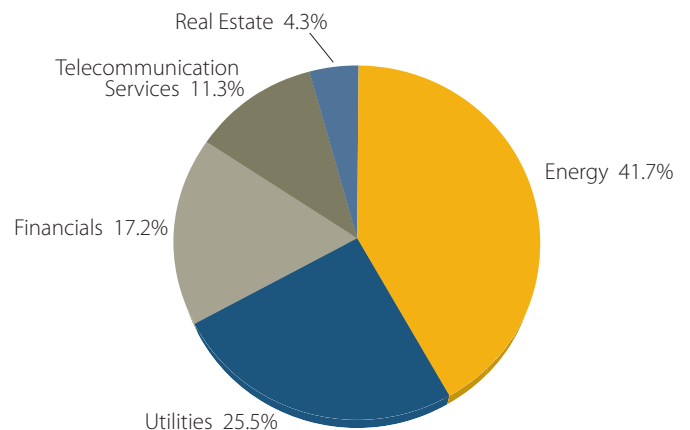
Michael Lee-Chin, B.Eng., LL.D (Honorary)
Executive Chairman, Chief Executive Officer
and Portfolio Manager

Dragos Berbecel, BComm., MBA, CFA
Portfolio Manager

Geographic Mix (as a % of total assets)



Sector Mix (as a % of total assets)



Asset Mix (as a % of net asset value)

Equities	285.2%
Other Net Assets (Liabilities) ²	(1.0%)
Cash	(184.2%)

Leverage Ratio ³	64.8%
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Top Holdings	Percentage of Total Assets	Dividend Yield ⁴
Crescent Point Energy Corp.	16.5%	3.8%
Pattern Energy Group Inc.	12.3%	7.5%
Cardinal Energy Ltd.	9.2%	8.5%
Ares Capital Corporation	8.5%	9.4%
Baytex Energy Corp.	8.3%	0.0%
Whitecap Resources, Inc.	7.7%	3.2%
TransAlta Renewables Inc.	6.6%	7.0%
AT&T Inc.	6.4%	5.4%
IGM Financial Inc.	5.8%	5.0%
BCE Inc.	4.9%	4.6%
Northland Power Inc.	4.5%	5.0%
Brookfield Property Partners L.P.	4.3%	5.4%
The Bank of Nova Scotia	2.9%	3.9%
Brookfield Infrastructure Partners L.P.	2.1%	4.1%

FUND COMMENTARY (as at September 30, 2017)

For the quarter ended September 30, 2017, the Fund's benchmark, the S&P/TSX Composite Total Return Index had a return of 3.7%. For the same period, the Fund's Series F units had a return of 6.1%. Unlike the Index, the Fund's return is after the deduction of its fees and expenses. The Fund's outperformance was due to the Fund's energy sector (overweight) holdings positive relative contribution, offset by the positive relative contribution of the Fund being overweight in the utilities sector and underweight in the financial sector. The Fund's leverage amplified the outperformance.

The Fund's net asset value at September 30, 2017 was \$3.5 million.

The Fund has preserved its significant exposure to energy holdings, which, as at September 30, 2017, constituted 45.2% (of which 41.4% is in the oil and gas production and exploration space) of the portfolio's assets.

Over the course of the past quarter the energy markets have continued their journey towards recovery, meandering around news related to the Organization of Petroleum Exporting Countries (OPEC). Russia agreed production caps, production related developments in the U.S. shale (in the particular the Permian basin) and weekly crude oil and refined product U.S. inventory levels. During the reporting period, the West Texas Intermediate (WTI), the North American crude oil price benchmark, advanced from \$46.04/barrel (bbl) to \$51.67/bbl, a roughly 12% improvement over the period. Considerable uncertainty still hangs over the levels of supply, notably having to do with production projections for Nigeria, Libya, and

Venezuela.

During the summer months crude oil inventories have seen significant drawdowns across the Organization for Economic Co-operation and Development (OECD) countries and in the U.S., though averages are still somewhat above the five year average. Nonetheless, evidence of coordinated action and broad based inventories reduction provided support for a more robust recovery in the price of crude oil. Most recently the debate has shifted around the potential production growth in the U.S., notably the Eagle Ford and Permian basins. Industry insiders dispute Energy Information Administration ("EIA") projections, which could be overestimating U.S. production by as much as 400,000bbl per day, having just been adjusted 130,000bbl per day in September.

The Manager continues to believe that the fundamental operations of our energy holdings remain robust, even in this challenging environment. As such, we have continued to maintain elevated levels of exposure to the energy sector, through our oil and gas exploration and production holdings, and plan on doing so until we see a substantial recovery in the energy space. We continue to believe that the current oil prices are unsustainable, as evidenced by the more than 20% back-to-back drops in global oil industry capex in 2015 and 2016 adding up to some \$1 trillion in overall spending cuts towards finding and developing reserves by 2020. Capex cuts of such magnitude are unprecedented and are sowing the seeds of future supply shortfall as demand continues to grow. In other words, the longer lower oil prices stay low, the higher the eventual rebound.

Energy companies held in the Fund have responded to the protracted low price environment and uncertain near-term outlook by further curtailing capital expenditures, extending financing facilities, raising capital to strengthen balance sheets and continuing their broad hedging programs, while maintaining robust production levels. They have been and are likely to continue to benefit from significant cost reductions and improvements in production efficiency compared to 2014.

It needs to be emphasized, we believe, that the recovery in the market values of oil and gas exploration and production (E&P) companies is not a linear function of the crude oil prices, but rather a combination of the prices, operating leverage and balance sheet leverage. As such, there are likely a couple of inflection points in the performance of E&P companies. In broad terms, a WTI level in the low \$30/bbl could signify potential liquidity and solvency issues for many operators, with the associated drops in valuations, while levels in the \$50 to \$60/bbl range are more indicative of cash flow positive operations and significant uplift in valuations.

Outside of the energy space, the performance was broadly positive. TransAlta Renewables Inc. suffered a pull back during the quarter due to a client related delay in the commercial launch of its South Hedland power plant in Australia. We took advantage of the pull-back to add to our existing holding as we see the issue as transitory.



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As at September 30, 2017, based on the Fund's total assets, the top 5 sector exposure was constituted by energy 45.2%, utilities 23.4%, financials 16.4%, telecommunication services 10.2% and real estate 4.1%. The Fund makes use of low-cost leverage to invest in a portfolio with a dividend yield that currently provides a substantial spread over the cost of borrowing. Based on settlement date activity, leverage was, as of September, 2017, 65.0%. As of the same date, the underlying portfolio's dividend yield was 5.2%, which, upon the application of leverage, translates into a gross 14.8% yield to the equity. The Manager believes that the stream of dividends generated by the underlying investments provide an attractive entry point for investors looking for equity based high yield. As of September 30, 2017, the fund provides a 7.9% distribution yield for investors in the Series F of the Fund.

Going forward, we believe that the Fund is well-positioned to meet its investment objectives which are to provide income and achieve, over the long-term, an above average return by combining a leveraged investment strategy with focused investment, primarily in a limited number of long securities positions.

RISK MANAGEMENT STRATEGY

The Manager relies on the following risk mitigation measures:

- Portfolio construction
- Buffers against margin calls
- Companies with relatively higher dividend yields, lower volatility and diversified by sector
- Intending to preserve excess margin or 'buffer'
- Reduce the impact of rising interest rates through emphasis on investments that are positively correlated with economic growth
- Value discipline

POTENTIAL RISKS

While the Manager exercises prudence and due diligence throughout the investment process, no guarantees can be given to offset a risk of loss and investors should consult with their Financial Advisor prior to investing in the Fund.

The Manager believes the following risks are key to the Fund's performance: leverage, interest rate changes, dividend yields, highly volatile markets and equity risk. Please read the "Risk Factors" section in the Offering Memorandum for a more detailed description of all the relevant risks.



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FUNDSERV CODES

Fund Name	SERIES A	SERIES F*	SERIES N
Portland Advantage Plus - McKinley Fund - CDN\$	PTL940	PTL935	PTL930
Portland Advantage Plus - McKinley Fund - USD\$	PTL840	PTL835	PTL830

*Generally only available through dealers who have entered into a Portland Series F Dealer Agreement

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† Annualized.

1. Distribution yields are based on the net asset value per unit divided by a full month distribution rate.
2. Other Net Assets (Liabilities) refers to all other assets and liabilities in the Fund excluding portfolio investments and cash.
3. Leverage ratio is calculated as the total borrowing divided by the fair value of securities and does not take into account other Net Assets (Liabilities) as defined above.
4. Dividend Yield – Annual dividends divided by the share price.
5. The annual distribution rate was changed effective as at the end of July, 2017. The annual distribution yield displayed is the new annual distribution rate divided by the net asset value per unit for June 30, 2017.

Additional Sources: Bloomberg, Thomson Reuters

The Portland Advantage Plus – McKinley Fund is not publicly offered. It is only available under prospectus exemptions and other exemptions available to investors who meet certain eligibility or minimum or maximum purchase requirements. Currently these exemptions include the accredited investor exemption and the \$150,000 minimum purchase exemption for institutional investors. Information herein is pertaining to the Fund solely for the purpose of providing information and is not to be construed as a public offering in any jurisdiction of Canada. The offering of Units of the Fund is made pursuant to an Offering Memorandum and the information contained herein is a summary only and is qualified by the more detailed information in the Offering Memorandum. If there are any discrepancies between this document and the Offering Memorandum, the Offering Memorandum is deemed correct. Commissions, trailing commissions, management fees and expenses all may be associated with investments. The indicated rates of return are the historical annual compounded total returns including changes in unit value and reinvestment of all distributions and does not take into account sales, redemptions, distributions or optional charges or income taxes payable by any securityholder in respect of a participating fund that would have reduced returns. Funds are not guaranteed, their values change frequently and past performance may not be repeated. The portfolio is expected to generate income from dividends, interest and option writing income, which after deduction of expenses, will be distributed by the Fund to unitholders. Assuming the expected level of income is received, the portfolio would not be required to appreciate. If the level of income is less than the amount necessary to meet the target distribution, the Manager may either pay out a lower distribution or supplement the amount needed through net realized capital gains from the portfolio or may return a portion of the capital of the Fund to unitholders in which case the distribution would not have been fully funded as the net asset value would be reduced. Distributions are reinvested automatically in additional units of the Fund. No commissions are payable upon automatic reinvestment of distributions.

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